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Automotive News

August 20, 1984

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Shop volume continues to post increase

By Francis J. Gawronski
Service Editor

Although the rate of growth of service and parts business in new-car dealerships cooled off in June, shop volume continued to show an increase over the business recorded in the year-earlier month.

According to the Automotive News Service Index, service and parts business in June

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amounted to 109.2 percent of the volume done in June, 1983.

June's increase was the smallest of the year. In May, the jump in shop volume was 16.9 percent; in April, it was 15.1 percent.

June also marked the 16th consecutive month in which service and parts business topped the volume of the same month a year earlier.

As in the previous 14 months, all indicators used in the Service Index were up in June, led by gross profit on all labor, parts and accessory sales—the most important indicator from the dealer's viewpoint. Gross profit was up 18.2 percent over the year-earlier figure.

Shop parts sales, those used in customer-paid and warranty work, were up 14.0 percent, while total labor sales (customer-paid and warranty) bettered the year-ago figure by 9.6 percent.

Sales of all parts and accessories increased 7.8 percent, while work orders written im-

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From Pontiac for '88

Jim Dunne

Stepping in for Bonneville, Grand Prix

Pontiac will offer a slightly different version of this prototype test car in the fall of 1987 as a replacement for the Bonneville and Grand Prix. Codenamed the W-car, the new model will feature front-wheel drive and a 2.2-liter four-cylinder gasoline powerplant. Hidden headlights on the prototype may give way to aerodynamic headlights on the production cars. Buick and Oldsmobile will share the basic body style with Pontiac.

Stock of imports falls to 24 days; strike exacts toll

By Kathleen Hamilton
Assistant Managing Editor

This month's inventory numbers reveal one group of people who don't have to worry about rising interest rates: Import dealers. They don't have any cars left to floorplan.

There were 197,688 new imported cars in dealer, distributor and port inventories Aug. 1, the lowest total since Sept. 1, 1983.

In large part because of the German strike, the inventory of German cars fell some 40 percent during the month. Riddled by shortages, Porsche and Mercedes-Benz, especially, experienced sales declines.

On Aug. 1, there was a 24-day supply of imported cars in

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stock, compared with a 25-day supply one month earlier and a 26½-day supply a year earlier.

On July 1, there were 216,815 imported cars in stock. On Aug. 1, 1983, there were 227,819.

Like the domestics, imports had slower daily selling rates in July, making the import days' supply figure look better. But it's still a far cry from the 60-day supply considered ideal for imports.

Just how hard the strike hit the Germans is illustrated in the inventory shares. The latest survey found the German makes had 17.47 percent of the cars in U.S. inventory; the Japanese, 66.63 percent, and other European makes, 15.90 percent.

One month earlier, the Germans had 28.05 percent, the Japanese, 55.92 percent, and other Europeans, 16.03 percent. And it should be noted that even on July 1, German-car shortages were developing because of the strike that hit suppliers and manufacturers.

• The strike wasn't the sole cause of low inventories, however. European vacations traditionally slice import inventories at this time of year. Saab, for example, reported scattered acute shortages. Jaguar, too, lost sales due to shortages.

Japanese-car shipments increased slightly during the month. Honda increased its

Continued on Page 43, Col. 1

Luxury, sporty autos help push overall auto total to $19.2 billion

Europe swells U.S. trade deficit

By Jake Kelderman
Washington Reporter

WASHINGTON. — The U. S. trade deficit in automotive products in 1983 reached $19.2 billion, much of which, as one would expect, was with Japan.

As well as Japanese auto makers have done here, however, so too have their European counterparts made a mark.

Owing to the popularity of the luxury and sport sedans, the Europeans now account for some $5.3 billion of the $19.2-billion automotive trade deficit. This is about half the $10.7-billion deficit the U. S. has with Japan. But it is a deficit built on the sale of just 419,079 European vehicles, compared with 1.86 million from Japan.

If the U. S. is a cash cow for the Japanese makers, so, too, is it a cash cow for the European makers.

Maryann Keller, automotive analyst for Vilas-Fisher & Associates, of New York, said high demand in the U. S. for European luxury and performance vehicles and the appreciating dollar now account for "over 75 percent of the earnings of Europe's luxury-car companies (Mercedes-Benz, BMW, Audi, Volvo, Saab and Jaguar)."

Keller said, "The U. S. is not only providing over 80 percent of the profits reported by the Japanese auto industry, it is doing the same for European auto makers who export to the U. S."

The degree to which the U. S. is a "cash cow" varies among the European makers. As the figures in the accompanying table show, Jaguar and Saab are

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very dependent upon the U. S., while Audi, BMW, Mercedes and Volvo are dependent to a lesser extent. It cannot be denied, however, that U. S. profits are now driving all these companies.

• Much of this has to do with the dramatic rise of the dollar against all foreign currencies, effectively making the European cars affordable in the U. S. when they might not be otherwise.

In 1977, for example, the West German mark traded at two, or slightly less than two, to the U. S. dollar. In 1983, it averaged 2.55 to the dollar. Last week it traded at 2.8 to the dollar.

In France, where the Mitterand government was forced to revalue the franc, the rise has been even greater.

European car makers, who had long considered the U. S. a good second market, now increasingly turn to it as a major source of income and one of the few places where market gains are still to be made.

The four majors (Volvo, Mercedes-Benz, BMW and Audi), for example, sold 269,727 units here among them in 1983, but by 1986, they project that they will sell as many as 410,000 units in the luxury and sport-sedan classes.

Volvo expects to break through the 100,000 level in 1985 and BMW plans to be right behind it if Audi does not get there first. Mercedes, which sold nearly 74,000 cars here in 1983, figures to get to 100,000 in two years.

If U. S. interest rates stay high, as they are expected to do (they are the primary cause of the strength of the dollar), those sales levels will mean tremendous profits for these companies.

As formidable as the Japanese makers are in the small-car market, so are the Europeans in the luxury end of the market. Surveys already show they consistently sell to a younger group of buyers than U. S. luxury-car makers. These young buyers will control better than 50 percent of the total car market in the 1990s.

Meanwhile, those same profits are allowing European makers

Continued on Page 43, Col. 5

breaking news

Fisher Body coach will keep on rolling

DETROIT. — In spite of the passing into corporate oblivion of General Motors' Fisher Body Division, the famous Fisher Body Napoleonic coach emblem used since 1922 will continue to be worn by GM cars, Chairman Roger B. Smith said. Fisher Body Division operations are being melded into other divisions.

Creager joins Bitter-Automobile

CHICAGO.—Robert E. Creager has been named executive vice president of Bitter-Automobile of America, Inc. He formerly was director of marketing for AM General and general sales manager of Jeep.

Mowrey to head AMC styling

DETROIT. — John W. Mowrey, American Motors vice president—product planning and program management, will assume design responsibilities as vice-president — product planning and design upon the retirement of Richard A. Teague. Joseph A. Bostater, vice president-quality and product integrity, has been put in charge of supply plants.

See BREAKING NEWS, Page 8, Col. 1

More sales incentives
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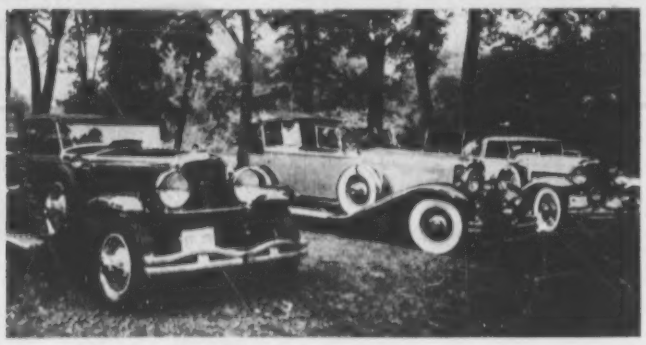
Fiberglass with class

Jim Dunne

Front-drive Cadillac limo due in 1985

Cadillac's 1985 C-body-based limousine, a foray into new assembly methods and materials, will be built by Hess & Eisenhardt Co. It features fiberglass doors, hoods and roof inserts.

NEWSPAPER



Where Duesenbergs gather . . .

The 29th annual Auburn-Cord-Duesenberg Festival will be held in Auburn, Ind., Labor Day weekend, Friday through Monday—Aug. 31-Sept. 3. Highlights will include a collector-car auction and swap meet, parade of classics and meeting of the Auburn-Cord-Duesenberg Club. Theme of the festival is, "The Year of the Duesenberg."

To eliminate 'Tower of Babel' among robots, Smith says

GM aims for integrated automation

By Roger Rowand
Engineering Editor

TRAVERSE CITY, Mich. — A new acronym has been added to the fast-growing lexicon of such code terms at General Motors where broad-scale reorganization of the North American Organization (NAO) is under way.

One of the latest acronyms is MAP for Manufacturing Automation Protocol and Chairman Roger B. Smith says that without it, computer-aided design and manufacturing will never exist the way GM wants it.

"Before we can get to the factory of the future there are longstanding problems on the plant floor that need to be resolved," Smith told a University of Michigan automotive management seminar here.

"Currently, we are limited in the manufacturing efficiency we can achieve by the Tower of Babel that exists among robots and other computer-aided programmable devices," he said.

Smith said only about 15 percent of GM's 40,000 programmable devices can communicate outside their own processes. And, he said, 30 percent to 50 percent of the costs for new automation are directly related to communications.

Each vendor's equipment uses unique language, so simply increasing automation is not the answer to better manufacturing efficiency.

"What we need is integrated automation that works in harmony with other functions in the plant," Smith said.

MAP is a common language for the factory and will be based on national and international communications standards. When created, it will allow robots to talk with each other no matter what brand name they wear, Smith said.

MAP is a joint venture between GM and seven of its major computer, controls and communications suppliers, including IBM and Hewlett Packard.

After his formal presentation, Smith said GM's Saturn project will be followed by one that may be called Jupiter. "We can't stop with Saturn. We've got to go down the road with all sorts of projects," he said.

In response to a question, Smith said the Saturn assembly plant will be new from the ground up, a green-field project.

Smith, who showed some of the Saturn project to President Reagan July 5, declined to discuss details.

"Only the President of the U. S. knows, outside of GM, and he isn't going to tell you," he said.

Lloyd Reuss, group executive, Chevrolet-Pontiac-Canada, said, "You really can't look at Saturn as simply a vehicle. That's been one of the problems with the press. The press has looked at it as only a vehicle, but the car itself is just a part of a much bigger story.

"The big news, the real excitement, is the fact the brightest people of every kind within GM and within our suppliers throughout the world are rethinking every phase of what it takes to bring a new product to market.

"Saturn is a laboratory of change," Reuss said.

Chairman Smith downplayed reports of salaried employe layoffs.

"I don't see a reduction in the white-collar workforce," he said. "We added 5,000 salaried employes last year and we'll probably add another 5,000 in the coming year."

He said there will be dislocations of personnel, however.

"We're in a transition phase and have to run some operations in parallel because we can't afford to miss product deadlines," he said. "For a while, we are going to have more players than we have chairs."

Suppliers get into act much earlier at GM

TRAVERSE CITY, Mich.— Suppliers have clamored to be allowed in on new-car design earlier and they are indeed getting in earlier at General Motors, Lloyd Reuss, group vice president, said here.

On one 1988 program, major suppliers will be selected by this December, some two to 2½ years earlier than usual. For the first time, many parts for prototype vehicles will come from their eventual suppliers who will get larger, life-of-platform production contracts, Reuss said.

Would save auto maker millions but not cut benefits

GM offers health-care plan to UAW

In contract bargaining last week, General Motors presented to the UAW a health care proposal that would save GM $220 million a year but would not cut benefits nor require contributions from employes.

The health care proposal was the first made to the union by GM since negotiations began a month ago.

Under the proposal, a GM hourly worker would choose one of the three health care systems:

1. The "informed choice" option uses a preferred provider network, made up of physicians and hospitals that contract with GM for health care services. The rules for the provider are agreed upon in advance.

If the employe chooses the preferred provider option but goes to a physician or hospital outside the network, the employe would bear some of the cost.

2. A second option would be a modified version of the traditional health care plan. However, controls would be placed on providers, including utilization review and prior authorization for all hospital admissions, skilled nursing and home care services, selected surgical and podiatric procedures, substance abuse treatment and out-patient psychiatric care.

The modified traditional plan also would require providers to establish review processes for in-patient and out-patient services including X-rays, lab procedures and prescription drug services.

3. The third option would be a Health Maintenance Organization, already available to GM employes. About 67,000 employes — or 200,000 to 250,000 persons including employes' dependents — are covered by an HMO.

The HMO has proven to be effective in containing costs, GM said. For example, the average length of a hospital stay has been cut in half.

UAW Vice President Donald Ephlin, head of the union's GM department, supported the concepts contained in the company's proposal. He said it is something GM and the union can build on.

He said the UAW had two "principles" on health care when negotiations began: "We did not want to shift costs to our members through co-pays and deductibles. That's not in the proposal. And we did not want to reduce benefits. That's not in the proposal either.

"In fact, if properly implemented with some suggestions we might make, there are some possible improvements in benefits for our people."

Ephlin's main concern is building safeguards into the system so employes are well-informed of the choices they make.

"We're not going to penalize our members for the misdeeds of doctors and/or hospitals," he said. "So we have to build in a lot of safeguards before we accept it."

• At Ford Motor Co., negotiators for the company and the union said many of the items in GM's health care proposal are already being done at Ford.

In fact, UAW Vice President Steven Yokich, director of the Ford department, said there are rumblings in the medical community that lawsuits will be filed over some of the practices.

"One thing we're looking at is a central laboratory service which would give us a guaranteed price," said Yokich. "We have heard there is a good possibility we'd be sued if we tried something like that."

Ford has made a health care proposal to the union but, unlike GM's, it includes co-pays and deductibles.

Health care ranks high on the list for both auto makers and the UAW in this year's negotiations.

GM's health care costs total $2.2 billion a year — or $430 per vehicle — and the company would like to cut that bill by 10 percent, said Richard O'Brien, GM general director of employe benefits.

O'Brien said health care costs have risen 15 percent a year for the past decade and the company is especially concerned about further increases since the workforce is aging and the ratio of retirees to active employes is rising.

O'Brien added GM processed 40 million claims last year.

Meanwhile, negotiations are continuing at the subcommittee level.

GM Vice President Alfred S. Warren said the corporation will be making a proposal on the job security issue this week and an economic proposal, perhaps late in the week.

Two Mitsubishi units to be consolidated

TOKYO. — Mitsubishi Motors Corp. and its marketing branch, Mitsubishi Motor Sales Co., will be formed into a single unit, effective Oct. 1.

Company officials said the aim of the consolidation is to increase company efficiency and to increase its share of domestic production.

Sinclair flair

Robert J. Sinclair, president of Saab-Scania of America, has been riding to work on his newly acquired (17th) motorcycle. Based on a BSA, the bike is powered by an 850-cc Saab two-stroke taken from an old Saab 96. Sinclair bought it on the Isle of Man.

Safety group asks FTC to force Ford recall

WASHINGTON. — As Ford Motor Co. was announcing the recall of 447,000 vehicles for seat and seat-belt repairs, the Center for Auto Safety asked the FTC to force Ford to remedy alleged steering and transmission problems in certain Ford cars.

The center said last week that 1981-83 Ford Escort and Mercury Lynx models equipped with automatic transmissions can experience "failure to shift into higher gears, locking-up and rough shifting which ends in costly repairs."

Approximately 1.2 million vehicles are involved.

The group is also asking FTC to require Ford to extend its warranty covering certain rack-and-pinion steering systems to an additional 5.3 million 1978-83 Fairmont, Thunderbird, Zephyr, Mustang, Granada, LTD, Capri, Cougar, XR-7, Marquis and Continental models.

Ford currently offers an extended warranty on rack-and-pinion steering repairs to an estimated 900,000 vehicles in 17 Northern and Mountain states and in Canada. The center wants the Ford coverage applied nationwide.

GM Saturn moves ahead

Project Saturn, General Motors' so-called "no-year" small-car development, will move from technical exercise to fully operational engineering status by the end of this year.

At least one of the planned series of Saturn vehicles will be given a model year target date, and move from under the reins of GM Vice President Alex C. Mair's Technical Staffs Group and into the hands of the Chevrolet-Pontiac-GM of Canada Group, where it will receive platform status.

It is believed the first of the revolutionary subcompacts will be introduced as a 1989 model in a single body style.

A number of versions are on the drawing boards at GM Design Staff, however, including sedan, aero sedan, coupe, 2-plus-2 and shuttle van.

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60th year — No. 5036

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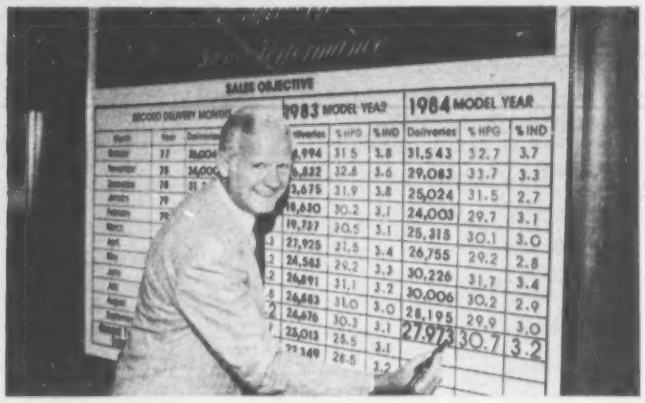

Cadillac likes these numbers

Cadillac's general sales manager, L. B. (Braz) Pryor, pens in a new July sales record of 27,973—the best July in Cadillac's 82-year history. The new record exceeded the former July record of 25,696 set in 1978 by 8.86 percent and was 13.36 percent ahead of the 24,676 deliveries in the year-ago month.

On selling-rate basis

Early-month sales hit '84 bottom

By Jenny L. King
Staff Writer

Early August new-car sales brought good news and bad news.

First, the bad news: Sales were down from the '83 level, though it was only the second period in 22 this calendar year they have fallen short. And the daily selling rate was lowest for any 1984 period.

The good news was that year-to-date sales passed the five million mark, a full two months ahead of the 1983 pace. There was good news for Honda, too, which earned its largest share of the domestic market for any 10-day period.

Domestic sales for August 1-10 were down 0.84 percent, to 177,182 from 178,686. With nine selling days both this year and last, the daily rate was off 0.84 percent, to a calendar-year low of 19,687 from the year-ago 19,854.

Sales since the first of the year totaled 5,107,637, up 24.86 percent from 4,090,579 in 1983. Last year, the domestics didn't reach the five million mark until the first 10 days in October.

Honda's 2.34-percent share of the market topped its previous record of 2.26 percent established in the final period of February. Honda sales were up 118.62 percent, to 4,145 from 1,896 a year ago.

Ford Motor Co. reported sales of 42,373 new cars in early August, an increase of 8.98 percent from 38,880 in 1983. Chrysler was down 7.59 percent, to 21,423 from 23,183. General Motors' 102,561 total was off 6.07 percent from 109,189.

American Motors' estimate was 5,330, up 36.67 percent from 3,900, while Volkswagen was down 17.58 percent, to 1,350 from 1,638.

The early August domestic market was divided as follows: GM at 57.88 percent; Ford at 23.92 percent; Chrysler at 12.09 percent; AMC at 3.01 percent; Honda at 2.34 percent, and VW at 0.76 percent.

A year ago, GM had 61.11 percent; Ford had 21.76 percent; Chrysler held 12.97 percent; AMC had 2.18 percent; Honda earned 1.06 percent, and VW had 0.92 percent.

Sales results for the individual domestic makes included ascents and descents. Plymouth was down 40.03 percent from the year-ago period, Dodge was off 17.06 percent and Chrysler was up 45.02 percent. Ford was up 6.38 percent, Mercury was up 9.34 percent and Lincoln was up 33.39 percent.

Buick was up 9.13 percent, Pontiac was up 13.96 percent, Chevrolet was down 18.93 percent, Cadillac was down 11.91 percent and Oldsmobile was off 5.84 percent.

Sales of American Motors' AMC products were down an estimated 45 percent from last year while Renault cars were up 51.52 percent. VW was down 17.58 percent and Honda, up 118.62 percent, doubled its sales.

Chevrolet Cavalier was the top nameplate for the period with sales of 9,476. Ford Escort was second, followed by Chevrolet Celebrity, Oldsmobile 88 and standard Chevrolet.

DOMESTIC SALES

	Aug. 1-10, 1984	Aug. 1-10, 1983
Renault		
Alliance/Encore	5,000†	3,300†
AMC	330†	600†
AMERICAN MOTORS	5,330†	3,900†
Chrysler	9,661	6,662
Plymouth	5,067	8,449
Dodge	6,695	8,072
CHRYSLER CORP.	21,423	23,183
Ford	26,769	25,163
Mercury	12,244	11,198
Lincoln	3,360	2,519
FORD MOTOR CO.	42,373	38,880
Buick	23,149	21,213
Cadillac	7,592	8,618
Chevrolet	34,269	42,272
Oldsmobile	22,411	23,601
Pontiac	15,140	13,285
GENERAL MOTORS	102,561	109,189
VOLKSWAGEN	1,350	1,638
HONDA	4,145	1,896
U. S. INDUSTRY TOTAL	177,182	178,686

†—Estimate

SAE gets a look at GM math setup

DETROIT. — The GM20 cars will be the topic of speaker Jack H. King, who has been manager of manufacturing engineering - assembly, Fisher Body Division, when the Detroit Section of SAE meets Sept. 25 at Roma's of Bloomfield.

King will discuss details of General Motors' first large-scale application of a product math system which utilizes digitized body surface data for construction of major tooling.

He also will cover other aspects of automated systems used in GM's body manufacturing.

How to sell the Butcher, the Baker and the Candlestickmaker—

KC/1500 162 cu. ft.

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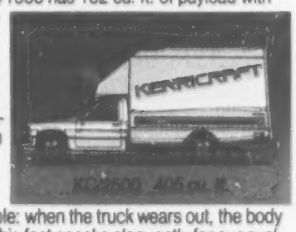

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truck industry news

2,441,736 units retailed in U. S. through July

7-month sales best since record '78

July retail sales of new trucks of all types in the U. S. topped the 300,000 mark for the sixth straight month, and the seven-month total was the second highest in industry history.

During the month, according to preliminary reports, franchised dealers and factory outlets retailed 347,387 vehicles, an increase of 33.5 percent over last year's 260,201 units.

The January-July total was up 39.2 percent to 2,441,736 units, compared with 1,753,762 in the same period a year ago. The alltime seven-month high of 2,472,365 sales was set in 1978.

Compact trucks, both domestic and imports, accounted for almost 42 percent of the January-July count. The total was 1,011,915 units, a gain of 66.5 percent over the year-earlier 607,752 units.

The domestic small trucks continued to increase their share of this market segment. Through July, they accounted for 67 percent of total sales, up almost 9 percentage points from a year ago.

The domestics' seven-month sales hit 677,721 units, a gain of 91.4 percent over last year's 380,108. The imports were up 31.7 percent, from 253,691 units in 1983 to 334,194.

• During the month, Ford increased its lead over Chevrolet by almost 3,500 units. Through July, its sales were 13,593 units higher than Chevrolet's.

Ford dealers sold 98,534 vehicles in July, an increase of 22 percent over last year's 80,781. The seven-month count was up 25.5 percent to 698,226, compared with 556,304 at the same time a year ago.

Chevrolet reported that its dealers retailed 95,093 units during the month, a gain of 19.5 percent over the year-earlier 79,546. Through July, the total was 24.1 percent higher than last year, 684,633 versus 551,820.

With two months remaining in the 1984 model year, GMC said its sales through July had exceeded the 12-month total for each of the last four model years.

Duncan A. Brodie, general director of truck sales, said dealers retailed 266,079 trucks in the 10-month period, topping last year's 250,676 for the full model year.

The calendar-year count for GMC was 197,719 units, up 27.2

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Starting on the second-million S-trucks

The 1,000,001st compact S-truck built at three General Motors Truck & Bus Group plants is driven off the assembly line at the Pontiac plant. Preceding the GMC Jimmy sports/utility truck was the millionth S-truck, a Chevrolet Blazer. Since introducing compact trucks in 1981, when the market was dominated by imports, GM has gained sales leadership.

Early NHTSA action due on splash/spray

Congress in 1983 ruled that all new commercial tractors and trailers operated on the interstate system must have devices to reduce rain splash and spray by Jan. 6, 1985, but NHTSA has yet to act on the mandate.

What is the status of the rule?

Richard Burdette, NHTSA spokesman, said "we are behind schedule, but my understanding is that we intend to reach the congressional mandate. I know we are trying madly to meet the deadline."

He said a notice of proposed rulemaking is "not far away."

"There are two ways to approach an issue," he explained. "We can say we don't know anything about the issue and ask for information to find out."

In that case, NHTSA might issue an advanced notice of proposed rulemaking.

"Or," he added, "we can try to do the research up front and put out a definite notice of proposed rulemaking. That's been the approach for the splash-and-spray rule."

According to a NHTSA engineer, the agency ran in-house tests on splash-and-spray devices shortly after the rule was included in the Surface Transportation Assistance Act (which legislated longer and wider trailers).

• Tests of splash-and-spray reduction devices, conducted in the late 1970s, as well as movies of the spray guards in action, seemed to indicate the devices worked as their manufacturers claimed.

Shortly after the spray-device rule was passed by Congress, however, in-house tests by NHTSA, where the devices were evaluated by visual means, seemed to indicate otherwise.

Wind played a large factor in the results, and even in the best situations, a spray cloud was observed.

After conducting its initial tests, NHTSA contracted with Systems Technology, Inc., to conduct further tests, and earlier this year, the firm evaluated the spray devices by both electronic and visual means. The results however, have not been released.

The electronic tests, which used lasers and photocells to determine how much light passes through a spray cloud, can show a percentage improvement in splash-and-spray visibility.

Before it can rule on splash-and-spray devices, NHTSA said it must determine what a percentage improvement means in terms of increased visibility to motorists following or passing trucks.

The agency also must determine how well the devices have to work to warrant an investment by truck operators.

• The Motor Vehicle Manufacturers Assn. also conducted splash-and-spray tests, similar to the tests conducted by STI for NHTSA, and preliminary results were released recently.

Truck manufacturers, said Carl McConnell, MVMA splash-and spray project manager, don't have any strong objections to installing the devices, but they are concerned with the

Continued on Page 22, Col. 5

Fruehauf unit acquires facility in West Germany

DETROIT.—Fruehauf Corp.'s German operation, Ackermann-Fruehauf oHG, has purchased a modern truck-trailer manufacturing facility in Sindorf, West Germany, from Peter Bauer, a family-owned trailer-maker based in Cologne.

Terms of the sale of the 41-

Continued on Page 20, Col. 5

Truck quality is better; still, dealers find fault

Quality has been the buzzword in the automotive industry since the start of the decade, and although it appears to be vastly improved, many truck dealers still find fault with the products they receive.

Like beauty, quality seems to be in the eyes of the beholder. What is a big problem to one dealer is not one at all, or a relative minor one, to another.

In a survey of truck quality, Automotive News asked dealers whether poor workmanship is a major problem today. Three-quarters of the respondents reported none, although many conceded there are minor faults.

Paint was the big complaint among the respondents. To some it was a major problem, while others termed it minor, but still a nuisance.

Since trucks are not shipped to dealers gift-wrapped, much of the paint damage and dents in sheet metal occur during the vehicles' journey from the assembly plant to the dealership.

While dealers are aware of this, they note that it takes time and money to correct the problems, and that prompt reimbursement often is hard to come by, if at all.

• A GMC dealer in the Southeast with paint headaches called them more a nuisance than a problem.

"The paint usually is too thin to match properly when touch-up or repair is needed," he explained. "But the big problem is to get paid for what has to be done. Factory service reps don't want to pay for more than 'spot' painting without a hassle."

Another GMC dealer in the same area, who said he had no major complaints, noted:

"Most of our problems come from shipping damages. Our transporter is not a neat trucking outfit. Their equipment is poorly maintained, their drivers have a typical union outlook and the product they ship looks

Continued on Page 20, Col. 3

Optimistic Lennox says 'we can look beyond survival'

Harvester nears break-even point

Editor's Note: *The clouds that have been hanging over International Harvester since the start of the decade appear to be clearing. While the firm still is heavily in debt, IH management and industry observers think the worst is over. This final article in a three-part series takes a look at what lies ahead.*

By Jack Walsh
Truck Editor

International Harvester isn't yet "out of the woods," but its optimistic chairman, Donald D. Lennox, says that for the first time since 1979 "we can look beyond survival."

A dramatic surge in big-truck sales, coupled with Harvester's extensive cost-cutting moves, spinoff of numerous assets and restructuring of operation, has brought the company "pretty close" to the break-even point, according to Lennox.

"We're in a positive cash-flow position now," he said. "Our trucks and diesel engines are doing better than we expected, and parts and service volume is good, about what we had anticipated."

Lennox indicated, however, that making a profit on operations depends on a turnaround in the agricultural-equipment business, and he said that at this time "no one can adequately predict when that will be."

Donald D. Lennox
looking beyond survival

Neil A. Springer, Truck Group president, thinks retail sales of Class 8 trucks—the market segment in which Harvester is No. 1—will hit about 132,000 units in the U. S. this year, with his firm taking 22 to 24 percent of the total.

Sales in 1985 should be about the same as this year, he believes, with slight increases in 1986 and 1987. "By 1989, the total should be about 160,000, the best since the alltime high of about 173,000 in 1979," he says.

Lavon Fife, a Harvester economist, said the farm-equipment market "can't get much worse. We've seen three years of declining demand in every market category. This year has been as bad as 1983, and in some sectors it's been worse.

"A modest increase is possible in 1985," he added. "Farmers should be in a better cash-income position. But there are no strong signals of a significant upturn. Farmers are playing it conservatively; they've been badly scared for the last three years."

Meanwhile, Lennox said Harvester will continue to run a tight ship.

"Further cost-cutting moves will be taken," he added. "They'll be made basically in the ag group, but there also is room for improvements in other areas."

Some of the improvements

Continued on Page 31, Col. 1

Neil A. Springer
truck outlook bright

Automotive News

EXTRA

August 20, 1984

SHOWROOM PROFITS

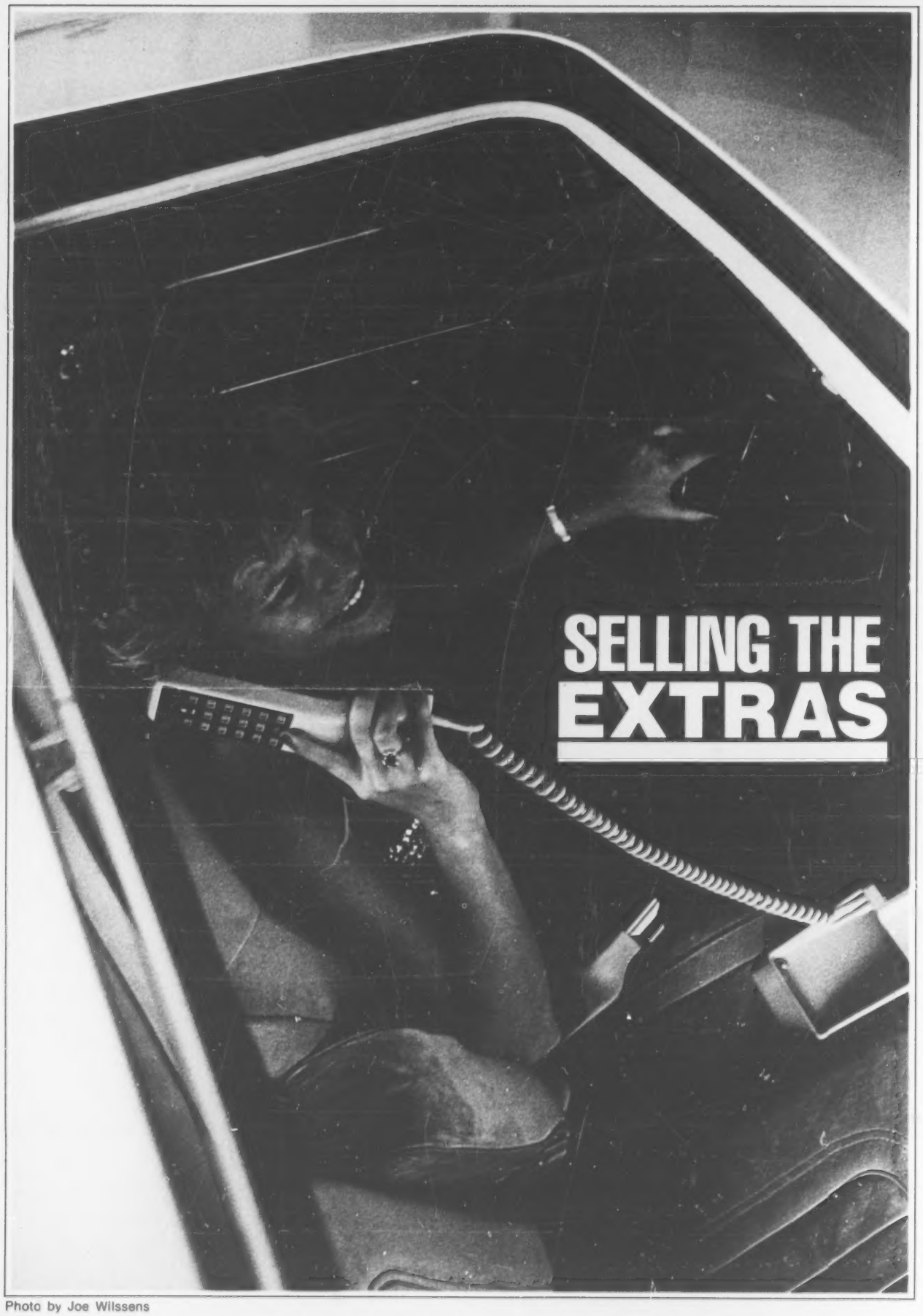


Photo by Joe Wilssens

With sales up dealer profits climb upward

Optimism for the future has never been greater

By Colleen Belli
Assistant Industry Editor

The profitability of the nation's new car and truck dealerships is on the upswing. More importantly, dealers are optimistic their healthy performance will sustain.

For the first five months of 1984 dealer net profit before taxes as a percent of total sales was 3.0 percent. This compares with 2.3 percent for the first five months of 1983 and the record high profit margin of 3.5 percent set in 1952, according to NADA.

The sharp recovery in sales began in 1983, permitting dealership profitability to return to more normal levels after three low years. The profit margin was 2.14 percent in 1983, at that time the highest profit margin recorded since 1972.

Dealers profit expectations for the future are up. At the beginning of 1984, dealers expressed greater optimism than at any time in the past seven years.

In January, 1984, the NADA quarterly Optimism Index reached a level of 180, an all-time high. The mid-year index recorded a level of 176 points. The record low of 17 was recorded in April, 1980.

NADA said the survey results have closely matched dealers' actual profit experience and also has served as a barometer of national economic trends.

Throughout 1981 and 1982 when many industry analysts were constantly predicting an imminent turnaround in new vehicle sales, dealers showed no significant increase in optimism. In retrospect it can be noted that the low level of dealer optimism was well-founded.

The NADA Optimism Index began its most recent rise in early 1983 and subsequently new car sales began to improve. The current high level of dealer optimism indicates that dealers believe the industry's recovery will continue throughout 1984.

• For the first six months of this year factory pre-tax profit margins climbed to 10.76 percent. The margin is up from 5.97 percent in 1983 and represents the first time since 1974 that the factory level reached 10 percent.

The increased factory profit margin marks a sharp climb from three loss years—1980, 1981 and 1982—when no profits were made.

While in the strictest sense it is not comparing apples to apples, it is inter-

Continued on Page E-2

Cover photo: The luxurious 1984 Buick Riviera equipped with Astroroof and cellular mobile telephone.

Profits

Continued from Page E-1

esting to note the difference in factory and dealer pre-tax margins.

Dealers recorded a pretax profit of 2.14 percent in 1983 compared with 5.97 percent for the factory. While low profits were recorded by dealers in 1980, 1981 and 1982, it was unique in that they were ahead of the factory. Dealer pre-tax profits were 0.61 percent in 1980, 1.16 percent in 1981 and 1.30 percent in 1982 while the factory recorded a loss in each of those years.

Presently, however, the factory margin of 10.76 percent is much higher than the dealer margin of 3.0 percent.

• NADA also reported that the recovery in sales resulted in an increase in the new vehicle department's share of total dealership sales. It posted a more normal 63.4 percent share.

The used vehicle department's share of total sales declined only slightly while the service and parts department's share fell sharply from 15.8 percent in 1982 to 14.1 percent in 1983.

NADA said all dealership departments did, however, record not only dollar sales increases but also unit volume increases in the amount of work performed. The new vehicle department for the average dealership recorded a 19.7 percent increase in new unit sales. Used unit sales increased 9.6 percent and the total number of repair orders performed by the average dealer increased 8.0 percent.

A random sampling of dealers throughout the country by Automotive News revealed an optimistic picture for 1984.

Tim Jostes, sales manager of Tom Blaskovich Chevrolet, E. Chicago, said, "No question about it (dealer confidence). Consumer confidence is almost as high as I've ever seen it. That's where it's coming from. Our sales and profits are up 40 percent from last year.

Consumers prefer their cars loaded with options, he added. "If they want to make an investment in an automobile they might as well get what they want. It's a considerable purchase."

Jostes described his dealership as a consumer-oriented shop. In fact, according to Jostes, Tom Blaskovich Chevrolet rates as the number two dealership in the country on General Motors' customer satisfaction index.

"We are a customer-oriented dealer. We don't push service. We explain service. We put everything on the table. We don't want to sell a customer a car one time. We want to sell them again and again.

"We don't push anything. We explain things. We sell what they want. If the customer understands he'll buy. If he's confused, he'll hesitate," Jostes explained.

Business has picked up for trucks, too, he said. "Companies are replacing aging trucks that should have been replaced two years ago. The market is catching up."

The sales manager expressed optimism regarding the good news coming out of Washington, including low inflation and reduced unemployment. "Good news makes people feel good again. I wish Mr. Reagan could do something about interest rates. That would help also.

"I think the media can break the upswing. As long as people have confidence they'll buy. Bad publicity can slow this thing down. That's the only fear I have today," Jostes said.

Jack Roach of Roach Cadillac, Kansas City, Mo., was equally optimistic. "I'm very positive and very excited. Cadillac has certainly been a bell ringer. The acceptance of the new downsized C car has been very good."

Roach said his sales volume will be 1,500 plus for 1984, up over last year. The new C car has been a hit with younger buyers, in the 25 to 40-year age group. The 50-year plus age group still wants the traditional Cadillac.

To increase the profitability per unit, the dealer sells custom extras. Roach explained, "We customize cars as much as possible—with different wheels, premium tires, different grills, different tops and different trunks — something to give people exclusivity. It certainly helps to sell the car. If you buy a fine car you want something exclusive."

Roach added that his dealership sells service contracts on more than 50 percent of its cars.

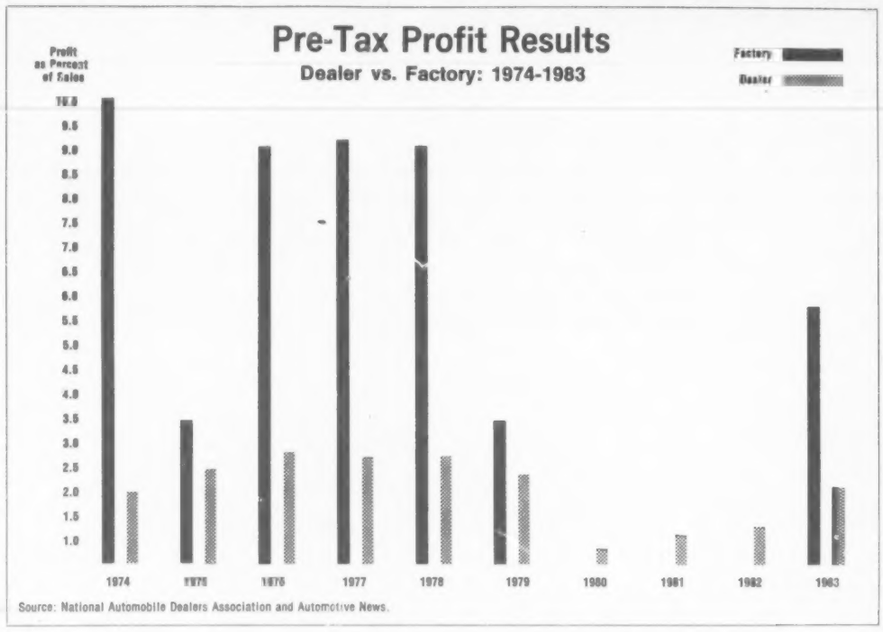
Lewis Ewert of Reno AMC-Jeep, Reno, Nev., said his sales outlook is "excellent." For the first nine months of the model year through June, sales were 715 units, up from 466 at the same time last year.

"American Motors has initiated 10.9 percent financing and the access to financing has been very good. It definitely stimulated sales on our Renault line," he said.

Tom Driesbach of Driesbach Cadillac Co., Detroit, said, "The sales and profit outlook is better than the past three years. We expect to have 900 to 1,000 sales this year. Last year sales were 850."

To spark some new excitement, Driesbach has added an Avanti sports model in his showroom. He began selling the Avanti line two years ago, keeping three or four in stock yearround. He sells 10 to 12 per year.

"It is added income and it has increased showroom traffic. It's a great little car and not in direct competition with any of our cars," Driesbach explained.



Source: National Automobile Dealers Association and Automotive News.

Engines refined for 1985

Expanded use of EFI and turbos

By Roger Rowand
Engineering Editor

The 1985 car year won't go down in the record books as a great year for new automobile engines. It will have, however, a significant number of important innovations and reworks.

Power plants for the upcoming model year have been refined, honed for keenness of edge, smoothed and polished.

At Chrysler Corp., for example, they'll be talking a great deal — and enthusiastically — about the 2.2-liter with electronic fuel injection. That package will be available on an expanded number of cars this year and the company expects it to appeal to a wide variety of car buyers.

"An expert who knows engines says you will like this 2.2 liter EFI. But customers who just want to go when it suits their fancy will like the engine just as much as the enthusiasts, because it's always ready. And, it's the only one in town with a five-year, 50,000-mile warranty," said L. Donald Gschwind, vice president, program management.

"This and our turbo are fully electronically controlled for optimum performance and increased reliability. Should something go astray, on-board diagnostics guide the service people to the problem," Gschwind said.

The Dodge Omni GLH gets some optional muscle power this fall when the turbo becomes available.

The turbocharger becomes

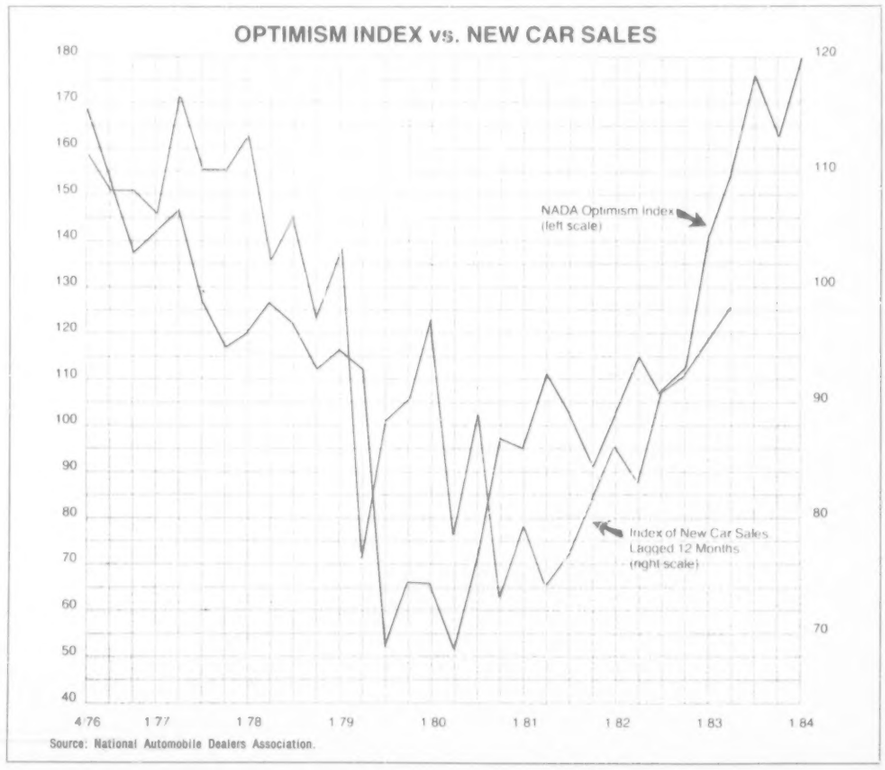
Continued on Page E-6

Expectations for Dealership Profits

Percent of Dealers Expecting Profits to:

	INCREASE	NO CHANGE	DECLINE	INDEX VALUE
1/79	30.2	52.3	17.5	116
4/79	29.1	50.5	20.4	112
7/79	13.6	36.3	50.1	52
10/79	16.9	42.4	40.7	67
1/80	17.9	40.5	41.6	66
4/80	9.2	25.4	65.3	51
7/80	23.0	40.0	37.1	74
10/80	26.5	43.3	30.3	98
1/81	25.5	48.4	26.1	95
4/81	30.0	51.5	18.6	111
7/81	27.0	52.5	20.5	104
10/81	22.1	50.2	27.7	92
1/82	27.6	48.8	23.6	103
4/82	33.4	47.4	19.2	115
7/82	27.1	51.7	21.2	106
10/82	32.2	49.0	18.8	113
1/83	46.8	44.8	8.4	141
4/83	54.4	38.1	7.5	155
7/83	65.5	30.5	4.0	176
10/83	55.0	40.4	4.6	163
1/84	65.8	30.9	3.3	180

Source: National Automobile Dealers Association.



Source: National Automobile Dealers Association.

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7-month sales best since record '78

Continued from Page 18

percent from the year-earlier 155,472. During the month, dealers sold 32,144 trucks, an increase of 37 percent over last year's 23,459 and the second-best July in GMC history. The July record of 35,865 sales was set in 1978.

• Chrysler-Plymouth and Dodge dealers sold 29,888 new trucks during the month, up 35 percent from last year's 22,137. Through July, the Chrysler total was 319,019, almost double the year-ago 159,546.

In July, 16,396 minivan sales represented 54.9 percent of Chrysler's total for the month. Through July, 103,367 of the small vans were retailed, accounting for 32.4 percent of the seven-month count.

In July, only 17 of the discontinued Volkswagen front-wheel-drive compact pickups were retailed, compared with 355 a year ago. Through July, the total was 368, down sharply from the year-earlier 3,633.

Toyota dealers sold a record 22,392 small trucks during the month, an increase of 63.4 percent over last year's 13,702. The seven-month total was up 55 percent to 144,206 units, compared with 93,060 in 1983.

• In July, Nissan dealers retailed 12,316 units, a decline of 23.8 percent from the year-ago 16,158. Through July, the total was 124,562, a gain of 62.1 percent over the 76,858 retailed in 1983.

Nissan's January-July total included 64,681 compact pickups assembled in the firm's Tennessee plant, and 6,128 of these vehicles were included in the July count.

July sales of Mazda compact trucks were up 68.6 percent, from 6,691 units a year ago to 11,282. The total through July was 71,320, a gain of 78.6 percent over the previous year's 39,936.

During the month, Isuzu dealers retailed 3,380 vehicles, an increase of 67.7 percent over last year's 2,016 units. The seven-month total was 22,880, up 74.1 percent from the year-earlier 13,141.

Mitsubishi dealers sold 1,329 trucks in July, a gain of 94.6 percent over the year-ago 683. Through July, the total was 8,760, up 88.4 percent from last year's 4,649 units.

Big Three July, year-to-date sales

	July 1984	July 1983	year to date 1984	year to date 1983
Ford				
Vans	12,896	13,202	102,917	96,448
Club Wagon	2,245	1,777	19,188	17,795
Ranger	18,640	15,997	132,976	111,413
Courier	.....	.....	.....	5,657
Bronco	3,846	2,783	27,800	24,613
Bronco II	10,061	6,190	58,514	25,626
Pickups	45,122	36,389	325,740	251,565
Mediums	4,393	3,755	24,042	18,627
Heavies	1,331	688	7,049	4,560
Chevrolet				
Vans	13,455	11,527	102,295	85,981
Sportvan	1,993	1,497	15,207	11,568
S-10	16,179	15,064	118,786	111,194
S-10 Blazer	12,276	8,273	82,904	54,508
LUV	.....	418	.....	3,425
El Camino	1,886	1,924	15,310	12,224
Blazer	4,261	2,098	29,178	16,908
Suburban	4,470	3,105	31,435	22,604
Pickups	38,296	34,134	278,602	224,511
Mediums	2,277	1,506	10,916	8,897
Chrysler				
Vans	6,526	6,647	45,861	44,642
Ram Wagon	3,276	3,544	27,207	23,200
Voyager	7,145	.....	50,770	.....
Caravan	7,173	.....	52,627	.....
Mini Ram Van	2,078	.....	9,970	.....
Ram 50	4,695	2,975	27,207	16,150
Other Plymouth Trucks	.....	702	378	5,922
Ramcharger	2,174	1,661	17,337	12,331
Rampage	1,139	877	6,662	6,974
Pickups	10,000	5,731	81,000	50,327
GMC				
Vans	4,063	4,307	29,239	29,420
S-15	4,605	3,609	27,439	25,290
S-15 Jimmy	3,069	1,797	20,057	10,512
Jimmy	820	636	5,477	4,301
Caballero	275	142	1,761	1,182
Suburbans	1,567	1,025	9,969	6,922
Pickups	11,701	9,148	75,190	60,341
P Models	778	354	3,442	2,213
Mediums	3,936	1,736	16,872	10,999
Heavies	1,330	705	8,273	4,292

Marketing & Media

Continued from Page 27

that sales, on average, went up 29 percent compared with the two months before the programs.

Two months after, sales dropped 25 percent.

Maritz also said that during a program, sales volume is 75 percent higher for enrolled dealers. On a national basis, when an auto company offers and promotes incentives, about 85 percent of dealers normally enroll.

Rick Comfort, sales promotional manager for American Motors' Philadelphia zone, said, "Money motivates people to a point. After that, they need the lapel pin, the plaque or the trip."

An incentive program must be tied to attainable and measurable objectives, Comfort believes. The goal is to increase sales volume — not necessarily per-car profit. To do that, a dealer must offer consumers lower prices or better financing, he said.

Comfort said it takes two to three weeks for people to adjust their attitudes and affect sales. Their participation must be reinforced every two weeks with short-term bonuses. Ninety-days is the maximum a program can be run; after that, dealers lose interest, Comfort said.

AMC credits its "Reach for Success" trip incentive, combined with 10.9 percent financing, for a big sales increase in the Philadelphia area and nationally as well.

Personnel

Dennis H. Plansker was elected group senior vice president of Campbell-Ewald. He also became director of broadcast promotion. He supervises production of all broadcast materials for Chevrolet.

Mark Rowlands became senior media planner on Dodge car and truck California marketing account, Direct Connection and new business at BBDO/Detroit.

Judy Hoomaian succeeded him as Dodge truck planner.

Ziebart Corp. named **Gary S. Tessmer** regional advertising manager. He will work with Ziebart auto appearance and protection center dealers in 22 states on local ad planning and needs.

Michael Mizak joined Grey Advertising as art director on the American Motors/Renault account.

Campbell-Ewald also appointed four new senior vice presidents. They are: **James T. Birchfield, John B. Hammond Jr., Robert S. Schenkel** and **David S. Stone.**

Birchfield is responsible for the agency's field offices and Chevrolet dealer asociation programs. He now also manages Chevrolet's car catalog program.

Hammond is account supervisor for Chevrolet small cars. Schenkel is senior executive producer for all production on Eastern Airlines and National Car Rental accounts. Stone is now director/agency information services. He was director/computer center.

BBDO promoted four people on its Dodge truck account: **Timothy S. Miller** became senior account executive, forward planning and special projects. He was succeeded as account executive by **Anthony Kuhn. William Freed** is a new account executive, and **Lorrie Mathis** was named assistant account executive on Dodge truck.

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factories list auction dates

American Motors

Aug. 21—D-A Auto Auction, New Stanton, Pa., and High Point Auto Auction, High Point, N. C.

Aug. 22—Central States Auto Auction, Mason City, Ia., and Metro Milwaukee Auto Auction, Caledonia, Wis.

Aug. 23—Corry Auto Auction, Corry, Pa.; Todd Auto Auction, Telford, Pa.; Evansville Auto Auction, Evansville, Ind.; Kansas City Auto Auction, Kansas City, Mo., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Aug. 28—Aptco Auto Auction, Taylor, Mich.

Aug. 29—Southern Auto Auction, Warehouse Point, Conn.; Columbus Fair Auto Auction, Obetz, O.; Central States Auto Auction, Mason City, Ia., and Metro Milwaukee Auto Auction, Caledonia, Wis.

Aug. 30 — Evansville Auto Auction, Evansville, Ind., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Aug. 31 — Concord Auto Auction, Acton, Mass., and Floyd Hauhe Auto Auction, Bridgeton, Mo.

Ford Motor Co.

Aug. 21 — Harrisonburg Auto Auction, Harrisonburg, Va.

Aug. 23—Denver Auto Auction Ltd., Englewood, Colo.; 166 Auto Auction, Springfield, Mo., and Skyline Auto Exchange, Fairfield, N. J.

Aug. 29—Clanton's Auto Auction, Darlington, S. C., and Brasher's Southern California Auto Auction, Fontana, Calif.

Aug. 30—Aptco Auto Auction, Taylor, Mich.

General Motors

Aug. 22—Clanton's Auto Auction, Darlington, S. C.

Aug. 23—Butler Auto Auction, Gibsonia, Pa.; Arena Auto Auction, Chicago, Ill., and Dallas Auto Auction, Grand Prairie, Tex.

Aug. 29—Golden Gate Auto Auction, Fremont, Calif.

Aug. 30—Aptco Auto Auction, Taylor, Mich.; Floyd Hauhe Auto Auction, Bridgeton, Mo., and Denver Auto Auction, Englewood, Colo.

Model breakdown

Auction Averages

	AUGUST	JULY	JUNE
1984	$9,631	$11,772	$10,601
1983	7,804	7,793	8,284
1982	5,881	6,759	6,185
1981	5,199	5,681	5,091
1980	4,509	4,222	4,358
1979	3,650	4,100	3,963
1978	2,525	2,644	2,432
1977	1,974	2,114	1,830
Overall Average	$5,303	$ 5,560	$ 5,436

Used Car Sales

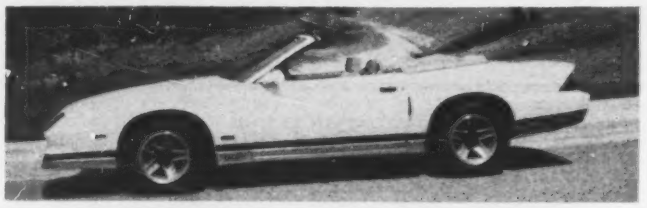
Auction Averages

August to date	$5,303
Month ago	$5,560
Year ago	$5,164

Consumers Digest honors Chrysler, Toyota

WASHINGTON. — Chrysler Corp. and Toyota were among eight companies presented with the first annual Consumers Digest Hall of Fame Awards.

Chrysler was honored for "originating and continuing to offer a five-year, 50,000-mile drivetrain warranty on all its passenger cars." Toyota captured the award "for the consistent high quality of its entire model line, its high owner satisfaction and commitment to safer design."



Converting the Camaro

American Custom Coachworks, Ltd., Beverly Hills, Calif., plans to build 250 four-passenger Camaro convertibles with automatic tops. The dealer wholesale cost for the conversion is $5,450, the company said.

Anglo American names Thee and Dickinson

NASHVILLE.—Anglo American Auto Auctions, Inc., has named Dennis M. Thee vice president and director of sales. Thee comes from Ford Motor Co., where he was advertising/merchandising manager of Lincoln-Mercury fleet sales.

The firm also named Gary Dickinson group security chief for its nationwide chain of auto auctions. Dickinson formerly was an auto theft investigator for the state of Texas.

auction directory

OHIO

Ohio Auto Auction. The Tuesday sale. 3905 Jackson Pike, Columbus, Ohio. 614-871-2771.

PENNSYLVANIA

Hatfield Auto Auction, Route 309, Box 309, Hatfield, Pa. 215-822-1935. Every Tuesday—11 A.M. Pickup service.

PENNSYLVANIA

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SOUTH CAROLINA

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Bruce Auto Auction & Recon Center—Fleet and Lease car and truck disposal our thing. AAA credit. 803-242-3090, Greenville, S. C.

TEXAS

PAT PATTERSON'S Amarillo Auto Auction, Inc. 36 years serving most major fleet and lease companies. 3208 E. 10th, Amarillo, Texas. 806-372-2206.

WASHINGTON

So. Seattle Auto Auction. The Lease & Fleet Specialists. Bob McConkey, Jr., 1-800-872-6800. P.O. Box 5189, Kent, WA 98064.

UTAH

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West Bountiful, Utah
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MINNESOTA

August Lineup at Mpls. Auto Auction

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1983-84
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Open Sale
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SALE TIME - 11AM SHARP
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Regular Consignment Sale
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WEDNESDAY, AUG. 29TH

200 CHRYSLER CORPORATION CARS
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THURSDAY, AUG. 30TH

4th Giant Fleet Sale
200 CARS/TRUCKS
5:30PM SHARP
50 Major Lease Companies Will Be Represented
Last sale - 198 offered - 173 sold
These cars are here to be **SOLD!**
BBQ BUFFET STARTS 5PM SHARP
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Stockpile now at 24 days

Strike helps slice import inventory

Continued from Page 1

shipment of imported car rather significantly but it sold nearly all the extra cars within the month, leaving it with an import supply good for five days, compared with three days on July 1. It also had a 19-day supply of Ohio-built Accords on Aug. 1.

International Automobile Importers, Inc., refused to supply inventory figures for Bertone and Pininfarina, so AUTOMOTIVE NEWS estimated them from shipments and sales. Combined, IAI's days supply is an estimated 285 days, compared with the 122-day supply of the same two models that Fiat was carrying one year ago.

One year ago, Fiat was selling the cars at a daily rate about 50 percent higher than IAI's new network is doing, and it had about half the current inventory.

Renault's days' supply improved during the month because it halted shipments to the U. S. Its sales rate declined slightly during July.

Inventories of imported trucks (including Nissan's Tennessee-built trucks) were 86,785 on Aug. 1, up from 79,783 a month before but down from 22,209 a year earlier.

There was a 39-day supply of imported trucks on Aug. 1, up from 34 days on July 1 and down from 52 days on Aug. 1, 1983. Shipments of trucks increased during the month, and the sales rate slowed, resulting in the heavier stockpile.

But the truck sales rate was higher than a year ago—the reason for the large difference in the days-supply figures despite the small difference in inventories.

The combined import car-truck total on Aug. 1 was 284,473 units, down from 296,598 a month earlier and 316,028 a year earlier. But because of the changes in sales rates, the Aug. 1 supply of 27 days was the same as on July 1. On Aug. 1, 1983, there was a 31-day supply of imported vehicles in stock.

There were 131,723 new Japanese cars in inventory Aug. 1—a 20-day supply. Both numbers were higher than the July 1 equivalents: 121,233 units and 18 days.

In order: Honda (imports only), 5 days; Toyota, 15; Mazda, 17; Subaru, 18; Chevrolet Sprint, 20; Nissan, 27; Mitsubishi, 47; Isuzu, 58, and Chrysler's Mitsubishi-built captive imports, 64. The model-by-model breakdown of the Chrysler captives was: Dodge Vista, 39; Plymouth Vista, 43; Dodge Colt, 57; Plymouth Colt, 65; Plymouth Conquest, 99, and Dodge Conquest, 106.

• There were 34,534 German cars in stock Aug. 1, worth 43 days. One month earlier the stockpile stood at 60,820, or 53 days. The German cars and days' supplies: Mercedes-Benz, 17; Porsche, 19; Audi, 37; BMW, 46, and Volkswagen, 54.

There were 31,431 other European imported cars in stock Aug. 1—a 44-day supply. One month earlier, when the IAI cars were not yet included, inventory for the category was 34,762, a 51-day supply.

Those makes and their days' supplies: Jaguar, 19; Maserati, 22; Saab, 32; Volvo, 33; Peugeot, 37; Alfa Romeo, 120 and Renault, 148. In addition, there was the 285-day supply of IAI cars: 205 days for Pininfarina and 406 for Bertone.

Days-supply figures for imported trucks were Mazda, 22; Toyota, 29; Mitsubishi and Nissan, 40; Chrysler, 74, and Isuzu, 87.

Dingell, import firms attack passive-restraint rule

Continued from Page 2

make it harder for companies to meet the CAFE standards. Dingell also wants it made clear the 10 percent applies only to U. S. sales—not worldwide.

Dingell also questioned the provision that makers can return to installing only active belts if states with two-thirds of the U. S. population have belt-use laws. He wants to be sure that company efforts are not thwarted by last minute court cases.

In its petition for reconsideration, the AIA argued that lead time should not start until NHTSA has made a final decision on test procedures. AIA also wants more information on how convertibles will be handled and whether they should be counted during the phase-in period.

But the heart of the AIA proposal is a "bubble" concept to give companies flexibility by allowing them to carry forward and carry back models with passive restraints during the phase-in period.

Exceeding the percentage requirement could help meet a future and higher percentage; but failing to meet a percentage and requiring carryback would mean a penalty equivalent to allowing only one unit for a one-and-a-half unit.

Service volume continues gains

Continued from Page 1

proved 0.5 percent over the volume recorded in June, 1983.

Figures used in the Service Index are averages compiled from reports on shop operations from a cross-section of the nation's new-car dealers.

For the first half of 1984, service and parts business amounted to 117.4 percent of the volume done in the same period last year.

Leader in the six-month period was shop parts sales, up 25.3 percent, followed by sales of parts and accessories, up 20.1 percent, and gross profit, up 19 percent.

Labor sales increased 15.7 percent during the period, while repair orders written were up 8.0 percent.

SERVICE INDEX
109.2*

	June, '84 vs. June, '83	6 mos., '84 vs. 6 mos., '83
Gross Profit on All Labor and P&A Sales	+18.2%	+19.0%
Repair Orders Written	+ 0.5%	+ 8.0%
Total Labor Sales (Customer & Warranty)	+ 9.6%	+15.7%
Shop Parts Sales (Customer & Warranty)	+14.0%	+25.3%
Sales of All Parts and P&A	+ 7.8%	+20.1%

*—Survey by Automotive News shows that dealers' service and parts business in June, 1984, was 109.2 percent of business in June, 1983. Service business in the six months of 1984 was 117.4 percent of business in the corresponding period in 1983.

GM unit to name group director of public affairs

DETROIT. — General Motors' Chevrolet-Pontiac-GM of Canada Group will appoint a group director of public affairs on Sept. 1.

Public relations and internal communications functions will report to the new PA director, who also will work closely with GM's government relations and public policy organizations.

While GM's Buick-Oldsmobile-Cadillac Group also will announce public relations appointments in September, the organization is expected to be structured differently than C-P-C's.

PPG constructing Flint test facility

FLINT.—PPG Industries has broken ground for an automotive coatings applications test facility here adjacent to the new Buick City manufacturing and assembly complex.

PPG has been designated sole coatings supplier for Buick City. The PPG complex is slated to begin operation in February.

IMPORT STOCKS

	Aug. 1, 1984	July 1, 1984	Aug. 1, 1983
Chevrolet/Suzuki	20	18	....
Chrysler	64	67	55
Honda	5	3	19
Isuzu	58	57	39
Mazda	17	20	20
Mitsubishi	47	34	72
Nissan	27	22	21
Subaru	18	20	33
Toyota	15	13	15
JAPANESE MODELS	20	18	23
Audi	37	31	28
BMW	46	57	29½
Mercedes-Benz	17	8	23
Porsche	19	13	18
Volkswagen	54	108	47
GERMAN MODELS	43	53	25
Alfa Romeo	120	109	100
Bertone	406	n/a	....
Fiat	....	....	122
Jaguar	19	11	24
Lancia	....	....	44
Maserati	22	20	n/a
Peugeot	37	46	73
Pininfarina	205	n/a	....
Renault	148	152	107
Saab	32	41	35
Volvo	33	47	32
OTHER MODELS	44	51	55
TOTAL IMPORTED CARS	24	25	26½
Chrysler	74	81	95
Isuzu	87	60	103
Mazda	22	26	26
Mitsubishi	40	36	422½
Nissan*	40	24	33½
Toyota	29	29	52
TOTAL IMPORTED TRUCKS	39	34	52
TOTAL IMPORTED VEHICLES	27	27	31

*—Including domestic-made trucks

Chevy Baseball Hall of Fame addition

Rick Ferrell, left, who has been inducted into the Baseball Hall of Fame, donates his 1947 catcher's mask to Chevrolet's George Borst, manager, sales promotion, passenger-car merchandising. Ferrell's mask will be part of Chevrolet's Traveling Baseball Hall of Fame, which is slated to visit 100 malls in 1984.

UAW says poll shows public supports union's position

By Michelle Krebs
Financial Editor

The American public overwhelmingly supports the UAW's bargaining position in this year's contract talks, especially on the issue of job security, according to a public opinion poll conducted on behalf of the union.

"The public understands and supports our stand in our fight," Bieber said at a Detroit press conference at which portions of the survey results were disclosed. "The public realizes the central role the auto industry plays in our economy."

Bieber said that 70 percent of those surveyed believe American corporations have a responsibility to keep jobs in the U. S., and 84 percent oppose plans by U. S. auto companies to build more small cars overseas.

Eighty-two percent responded favorably to the union's bargaining stance of job security as the top priority coupled with "reasonable" wage and benefit gains. The job security aspect was the most popular with those surveyed; 73 percent responded that that was the portion of the union's position they liked the most.

The telephone survey of 1,515 adults across the U. S. was conducted by James Lauer and Associates, of Alexandria, Va., between June 23 and 25 at a cost of $35,000 to the union.

Though most of the survey was favorable to the union, portions were not.

"Not everything is the way I'd like it if I were writing a list to Santa Claus," Bieber admitted.

Overall, the respondents perceive the auto worker as a hard-working, dedicated individual trying to build high-quality vehicles. About three-quarters said so.

However, 51 percent said they thought auto workers resisted modern work practices and production methods that would make the industry more productive.

The public was also split on auto worker pay levels. Forty percent think they are overpaid, 39 percent said their pay is about right and only 9 percent think they are underpaid.

Bieber said he wasn't shocked by the findings since a Louis Harris poll conducted for Business Week magazine showed similar results.

"We'll have to work on that attitude," he said.

On the other hand, the American public isn't well informed about how much the auto companies are making and 45 percent weren't aware of what has been termed by some as the "obscene" bonuses paid to auto executives.

Of those who knew about the bonuses, however, 45 percent said they were excessive and only 7 percent thought the bonuses were in line with what the executives deserve.

As for the impact the survey results will have on negotiations at General Motors and Ford Motor Co., which are headed into their fifth week, Bieber expects nothing immediately.

"It shows we're on the right side of this fight," he said.

Trade deficit tops $19 billion in '83

Continued from Page 1

to continue to be competitive in Europe where sales have stagnated and competition has gotten intense.

In 1983, for example, just 1.2 percentage points and 68,200 units separated sales leader Ford Motor Co. from sixth-place finisher General Motors. In June of this year, sales leader Fiat is just 2.7 percent and 134,100 units ahead of sixth-place Renault.

"For the time being, promotional pricing policies in the home markets are being supported by the earnings on U. S. sales," Keller said.

1983 Automotive Trade Deficit

Country	Units	Amount
W. Germany	237,004	$ 3,398,000,000
Italy	5,298	70,471,000
UK	17,035	400,212,000
Sweden	114,414	1,095,823,000
Belgium	4,674	43,276,000
France	40,654	299,443,000
Total EEC	419,079	$ 5,307,225,000
Canada	313,347	$ 3,407,308,000
Japan	1,868,820	$10,725,111,000
All others	(18,432)	($245,239,000)
Total U. S. automotive trade deficit 1983	2.6 million	$19.2 billion

Source: U. S. International Trade Commission.

7 weeks ahead of 1983

Year's auto output tops 5 million

By Keith Gave
Detroit Reporter

The five-millionth domestic car of 1984 was assembled last Tuesday (Aug. 14), leading its 1983 counterpart by more than seven weeks. The five-millionth car last year was built Oct. 5.

Year to date, 5,078,860 cars have been produced in the U. S., a 25.13 percent improvement over last year's pace when 4,058,722 cars were finished in the same period.

Domestic manufacturers projected completion of 111,528 cars last week, 3.25 percent below the 115,275 completed the previous week, but 5.85 percent more than the year-ago week when 105,365 cars were produced.

Of last week's estimated car production in the U. S., General Motors accounted for 48.97 percent, followed by: Ford Motor Co., 32.88 percent; Chrysler Corp., 11.16 percent; American Motors, 4.30 percent, and Honda, 2.69 percent. Volkswagen of America remained idle due to model changeover.

GM had auto assembly plants in Detroit, Baltimore, Doraville (Ga.) and Lordstown (O.) down for model changeover. Its Flint G-line was scheduled to resume production today (Aug. 20) while its Oklahoma City plant was slated to get back to work Tuesday.

Meanwhile, GM scheduled two shifts of overtime Saturday (Aug. 18) at its Janesville (Wis.) plant and one shift at its Wentzville (Mo.) plant the same day.

Ford scheduled Saturday overtime at its Wayne (Mich.) and Wixom (Mich.) plants.

DeLorean's auto career one of color, controversy

Continued from Page 2

was elected a GM vice president and was named general manager at Pontiac.

He quickly beefed up the dealer body, created a youth-image program and was a prime mover in making Pontiac a regular contender for the No. 3 slot in sales.

In 1969, he was moved into the hot spot as general manager of Chevrolet, the youngest man ever to head that division.

In 1972, DeLorean became group vice president in charge of car and truck divisions and moved to the 14th floor in the GM Building in Detroit.

He left GM in 1973 amid reports his flamboyant and vocal personal and business styles did not sit well with others at the top in GM.

After a brief spell with the National Alliance of Businessmen in Washington, DeLorean moved back into the car business. In January, 1974, he formed John Z. DeLorean Corp. which later became DeLorean Mfg. and began the process of designing and building the car company, DeLorean Motor Co.

The DeLorean sports car went into production in Belfast in February, 1981, and ceased production in May, 1982. A few months later DeLorean was arrested in Los Angeles on the drug charges of which he was acquitted last week.

DeLorean wins full acquittal

Continued from Page 2

while Robert Perry, who assisted Walsh, said he was "shocked and surprised."

A statement released by the U.S. Attorney's office by Robert Bonner said, "The jury has spoken. That is the heart of the criminal justice system. As all who believe in the system must, we accept the verdict."

The acquittal came just two months short of the second anniversary of DeLorean's arrest on Oct. 19, 1982, at the Sheraton Plaza La Reina near the Los Angeles airport and a year after two others netted with DeLorean — William Morgan Hetrick and Stephen Arrington—changed their pleas to guilty under agreements struck with the U.S. Attorney's office.

The decision last week clears the way for sentencing of the pair, which was delayed until the conclusion of the case against DeLorean.

Ford in Canada 80 years

OAKVILLE, Ont. — Ford of Canada marked its 80th birthday Aug. 17, anniversary date of the company's charter. The first Canadian-built Ford, a Model C, was built Oct. 10, 1904.

Truck production climbs to 56,545; 2-millionth near

Domestic truck production rose slightly last week as output for the year neared the two-million mark.

Nissan's Smyrna (Tenn.) plant returned to production following three weeks of vacation, helping to bring the week's truck output to 56,545, a 4.07 percent increase over the previous week's 54,332 and a hefty 56.44 rise over the year-ago week's total of 36,145.

So far this year, 1,976,931 trucks have been assembled in the U. S., a 39.90 percent increase over the 1,413,118 built during the same 1983 period.

Both General Motors and Ford scheduled overtime on Saturday (Aug. 18) at truck plants. GM's Detroit plant and Ford's Lorain (O.) plant each scheduled one shift of overtime.

Week's production of cars, trucks rises in Canada

Canadian auto and truck production rose last week as the major manufacturers returned to full swing following vacations and model changeover.

Ford Motor Co. and General Motors were back to normal as the Canadian industry targeted 16,073 cars for production. That was a 30.98 percent increase over the previous week's 12,271 and a 77.37 percent rise above the 9,062 in the same week last year.

Year to date, 691,735 cars have been produced in Canada, an 11.55 percent increase over the 620,087 completed in the same period in 1983.

Canadian truck makers scheduled assembly of 13,631 units last week, a 1.35 percent increase over 13,449 the previous week, but a dramatic 112.92 percent rise over the 6,402 built in the same 1983 week.

So far, 507,050 trucks have been completed in Canada, a 57.74 percent improvement over the 321,448 in the same period last year.

U. S. CAR PRODUCTION

	Week Ended Aug. 18, 1984	Week Ended Aug. 20, 1983	Week Ended Aug. 11, 1984	Aug. to Date	Jan. 1 to Aug. 20, 1983	Jan. 1 to Aug. 18, 1984
AMERICAN MOTORS	4,800	4,003	3,997	11,528	111,015	126,948
AMC Total	.....	.....	.....	.....	4,071	.....
Eagle	.....	.....	.....	.....	4,071	.....
Renault Total	4,800	4,003	3,997	11,528	106,944	126,948
Alliance	3,100	2,588	2,550	7,234	100,990	69,604
Encore	1,700	1,415	1,447	4,294	5,954	57,344
CHRYSLER CORP.	12,450	17,639	9,454	21,981	526,663	781,315
Plymouth Total	4,250	5,893	3,614	7,887	189,892	231,078
Horizon	2,800	2,577	2,784	5,584	68,650	99,459
Reliant	700	3,267	308	1,018	118,653	111,359
Caravelle†	450	49	270	733	3,079	6,278
Gran Fury	300	.....	252	552	.....	13,982
Chrysler Total	3,500	5,516	2,218	5,742	124,493	260,469
LeBaron	450	1,377	100	550	54,767	77,775
Laser	300	1,127	52	352	1,445	46,416
Chrysler E-Class	550	3,012	277	851	68,281	63,937
Fifth Avenue	2,200	.....	1,789	3,989	.....	72,341
Dodge Total	4,700	6,230	3,622	8,352	212,278	289,768
Omni	2,500	2,216	2,558	5,058	77,099	93,938
Aries	700	2,373	223	936	87,940	88,588
Daytona	300	488	49	349	561	34,556
Dodge 400	.....	.....	.....	.....	18,478	.....
Dodge 600	600	1,153	283	900	28,200	49,192
Diplomat	600	.....	509	1,109	.....	23,494
FORD MOTOR	36,673	31,855	34,818	92,999	920,390	1,099,530
Ford Division	22,687	20,246	21,971	57,268	585,060	708,981
Escort	6,911	4,434	6,424	16,763	161,915	217,719
Fairmont	.....	.....	.....	.....	23,728	.....
Mustang	2,794	3,075	2,874	7,539	72,362	86,125
LTD	4,633	2,586	4,300	11,057	106,171	135,877
Thunderbird	2,407	3,995	2,619	6,617	119,966	93,838
Crown Victoria	1,416	1,531	1,567	3,957	57,838	48,434
EXP	1,261	.....	1,108	2,847	1,184	22,955
Tempo	3,265	4,625	3,079	8,488	41,896	104,033
L-M Division	13,986	11,609	12,847	35,731	335,330	390,549
Mercury Total	9,864	8,989	9,515	25,786	264,036	281,602
Lynx	1,513	1,441	1,241	3,936	41,723	43,138
Capri	264	1,021	253	650	14,305	10,679
Zephyr	.....	.....	.....	.....	8,601	.....
Marquis	2,544	1,512	2,313	6,492	45,606	73,263
Cougar	2,984	2,373	3,159	8,064	75,887	68,517
Grand Marquis	1,524	1,401	1,328	3,893	60,196	58,468
LN7	.....	.....	.....	.....	290	.....
Topaz	1,035	1,241	1,221	2,751	12,428	27,537
Lincoln Total	4,122	2,620	3,332	9,945	71,294	108,947
Continental	1,088	.....	875	2,621	8,793	24,976
Lincoln	2,574	2,620	2,090	6,224	42,310	64,915
Mark VI/VII	460	.....	367	1,100	20,191	19,056
GENERAL MOTORS	54,605	48,376	63,526	158,097	2,417,654	2,931,059
Buick Division	11,194	8,354	10,217	28,205	552,986	640,832
Skylark	3,111	.....	2,218	5,329	61,382	63,774
Skyhawk	1,998	375	.....	1,998	46,608	95,824
Somerset Regal	2,800	.....	78	3,012	.....	3,907
Century	1,365	824	4,178	8,200	98,879	145,177
Regal	.....	3,841	.....	.....	158,543	131,396
Buick	.....	2,216	1,626	4,067	157,308	135,551
Riviera	.....	1,098	816	1,445	30,266	32,920
Electra (fwd)	1,920	.....	1,301	4,154	.....	32,382
Cadillac Division	307	2,550	5,822	10,202	189,165	210,657
Cimarron	307	234	253	1,018	12,633	11,286
Seville	.....	777	523	927	21,529	25,433
Eldorado	.....	1,539	1,171	2,073	47,508	49,876
Cadillac	.....	.....	1,539	2,556	107,495	88,015
DeVille (fwd)	.....	.....	2,336	3,628	.....	36,047
Chevrolet Division	23,428	15,554	22,839	60,158	791,164	1,001,343
Chevette	2,849	3,892	2,745	7,325	117,230	122,054
Cavalier	9,358	2,380	5,783	17,786	188,223	263,585
Celebrity	2,118	798	5,052	10,407	81,280	191,284
Camaro	5,078	1,711	5,238	13,076	121,857	169,407
Citation	877	1,663	553	2,450	64,595	71,447
Malibu/El Camino	.....	497	.....	.....	97,865	16,346
Monte Carlo	1,117	1,897	1,542	3,557	61,993	73,400
Chevrolet	1,281	2,093	1,146	3,443	42,538	71,709
Corvette	750	623	780	1,979	15,583	22,111
Oldsmobile Division	11,487	16,638	16,670	39,611	636,118	730,988
Omega	.....	.....	.....	.....	36,269	29,289
Firenza	1,286	195	.....	1,347	30,470	45,778
Cutlass Supreme	2,483	6,217	3,531	8,352	185,417	177,577
Cutlass Ciera	4,651	4,324	4,992	12,953	128,525	181,843
Oldsmobile	.....	5,037	5,364	8,947	229,638	226,446
Olds 98 (fwd)	3,067	.....	1,997	6,512	.....	39,498
Calais	.....	.....	158	341	.....	1,265
Toronado	.....	865	628	1,159	25,799	29,292
Pontiac Division	81,189	5,280	7,978	19,921	248,221	347,239
Acadian†	.....	137	242	350	15,100	10,420
2000 Sunbird	2,580	.....	1,001	3,581	63,454	93,715
1000	563	1,146	902	1,925	28,862	26,325
Firebird	2,646	1,122	2,857	6,969	58,767	77,949
Phoenix	.....	544	.....	.....	17,305	14,116
Grand Prix/Bonneville	.....	1,878	.....	.....	64,733	29,733
Parisienne	.....	453	587	838	.....	17,237
Fiero	2,400	.....	2,389	6,258	.....	77,744
HONDA	3,000	1,177	3,480	8,258	27,079	84,577
VOLKSWAGEN	.....	2,315	.....	.....	55,921	55,431
Total Cars, U. S.	111,528	105,365	115,275	292,863	4,058,722	5,078,860
Total Cars, Canada	16,073	9,062	12,271	37,578	620,087	691,735
N. American Cars	127,601	114,427	127,546	330,441	4,678,809	5,770,595
N. American Trucks	70,176	42,547	67,781	174,951	1,734,566	2,483,981
North American Cars and Trucks	197,777	156,974	195,327	505,392	6,413,375	8,254,576

†—All Acadians and Caravelles are built for sale in Canada. *—Estimated.

CANADIAN CAR PRODUCTION

	Week Ended Aug. 18, 1984	Week Ended Aug. 20, 1983	Week Ended Aug. 11, 1984	Aug. to Date	Jan. 1 to Aug. 20, 1983	Jan. 1 to Aug. 18, 1984
AMERICAN MOTORS	.....	606	587	953	18,363	14,055
CHRYSLER CORP.	.....	.....	.....	.....	103,857	.....
FORD MOTOR	10,194	5,344	7,995	23,626	150,331	274,236
GENERAL MOTORS	5,879	2,837	3,689	12,999	341,466	396,962
VOLVO	.....	275	.....	.....	6,070	6,482
Total Cars, Canada	16,073	9,062	12,271	37,578	620,087	691,735

TRUCK PRODUCTION IN U. S.†

	Week Ended Aug. 18, 1984	Week Ended Aug. 20, 1983	Week Ended Aug. 11, 1984	Aug. to Date	Jan. 1 to Aug. 20, 1983	Jan. 1 to Aug. 18, 1984
CHEVROLET	17,296	13,067	18,360	46,082	500,573	640,768
DODGE	4,400	2,912	3,696	9,567	85,754	127,182
FORD	21,237	11,974	19,747	54,100	549,315	740,911
GMC	5,189	3,881	6,011	14,268	160,370	207,330
INTERNATIONAL	1,573	1,132	1,638	4,265	31,416	47,606
VOLKSWAGEN	.....	.....	.....	.....	2,079	.....
JEEP	3,800	2,129	3,830	9,808	50,431	118,526
NISSAN	2,000	.....	.....	2,000	.....	59,738
AM GENERAL	50*	50*	50*	130*	1,580*	1,670*
MISCELLANEOUS	1,000*	1,000*	1,000*	2,600*	31,600*	33,200*
Total Trucks, U. S.	56,545	36,145	54,332	142,820	1,413,118	1,976,931

CANADIAN TRUCK PRODUCTION

	Week Ended Aug. 18, 1984	Week Ended Aug. 20, 1983	Week Ended Aug. 11, 1984	Aug. to Date	Jan. 1 to Aug. 20, 1983	Jan. 1 to Aug. 18, 1984
CHRYSLER CORP.	8,044	2,199	8,664	19,067	79,335	221,849
FORD MOTOR	2,750	117	2,174	6,933	83,145	95,888
GENERAL MOTORS	2,622	3,980	2,437	5,612	155,441	184,416
INTERNATIONAL	215	106	174	519	3,527	4,897
Total Trucks, Canada	13,631	6,402	13,449	32,131	321,448	507,050
N. American Trucks	70,176	42,547	67,781	174,951	1,734,566	2,483,981

†—Now includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.

Chrysler Newark plant sets production record

NEWARK, Del. — Chrysler Corp.'s Newark Assembly Plant established a production record of 262,175 passenger cars for the 1984 model year. The previous record was 266,435 vehicles built in the 1977 model year.

The 1984 total consisted of 108,004 Chrysler Town and Country, Dodge Aries and Plymouth Reliant station wagons and 154,171 Aries, Reliant and Chrysler LeBaron four-door sedans.

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Automotive News

August 27, 1984

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'Let's put on the gloves,' says World Congress keynoter

Tippett lashes out at auto industry naysayers

By Richard Johnson
Detroit Reporter

The U. S. auto industry may be riding high in the saddle again, but it is also taking some undeserved potshots from critics and naysayers, according to American Motors Chairman Paul Tippett.

In his keynote address last night (Aug. 26) at the opening of the 1984 Automotive News World Congress, Tippett said the same skeptics who not long ago predicted $3-a-gallon gasoline and the demise of two or more major U. S. auto manufacturers "are back at it with even more allegations, misconceptions and predictions."

The AMC chairman called on auto makers to "create a new, more accurate image of the progress we've made and the dynamic global industry that we truly are."

Tippett cited six major "misconceptions" he said are being circulated: The industry is making too much money; current profits stem from Japanese import restraints; government regulators have eased pressure on the industry; auto company executives are paid too much; the Japanese have entered a new era of trade cooperation, and the auto industry and "Smokestack America" in general are about to be eclipsed by a high-tech economy.

"It's time for us to put on the gloves and set the record straight," he said. "If we don't, we'll only make ourselves a larger target."

Tippett said industry opponents and critics are using reported earnings of $6.5 billion among Big Four companies for the first six months of 1984 as an excuse to "start beating on us again." However, he said, the manufacturers have yet to draw even against losses and investments totaling $42 billion from 1980-83.

"We're still about $35½ billion shy of getting back to the starting gate," he said. "If we continue at the current rate, we're still more than three years away from receiving that $35½ billion; three years away from just getting even. Is that your idea of making too much money? It's not mine."

Tippett defended auto industry capital outlays during the deep recession years when, he said, some skeptics regarded such investments in the U. S. as a form of throwing good money after bad.

"We can be proud that we stuck to our guns to return to profitability," he said.

Tippett denied that U. S. manufacturers are profitable

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Automotive News moves to new HQ

AUTOMOTIVE NEWS has moved to new headquarters.

The new address is 1400 Woodbridge, Detroit, Mich. 48207. The new telephone number is (313) 446-6000.

Bricklin-Yugo link traced

By John A. Russell
New York Staff Writer

NEW YORK. — Details on the connections between Occidental Petroleum and Bricklin Industries on the importing of the Yugoslavian-built subcompact Yugo 55 are slowly emerging, but no firm agreement has been signed.

While Occidental has refused to comment on any negotiations between the two companies, Malcolm Bricklin said last week that the two were "working out a deal."

In the case of the Yugo, Occidental is acting very much as a trading company helping the venture move along and would receive a royalty on the cars brought into the U. S.

No financial arrangements were revealed, though Bricklin said an agreement is near.

Bricklin does have an agreement with the manufacturer, Zastava, to be the sole importer

Continued on Page 64, Col. 3

Continental for '85

Lincoln makes mechanical changes

The Lincoln Continental for 1985 looks like the '84 model on the outside, but changes have been made under the hood. Four-wheel Skid Control Brakes and a single accessory drive belt have been added. Story, other pictures are on Page 35.

Chrysler explores Korea as site for small-car factory

By Dan McCosh
Detroit Reporter

Chrysler Corp.'s negotiations with the Korean conglomerate Samsung Group to build a small car for the U. S. in the 1990s now are concentrating on a tentative proposal for an auto plant making some 300,000 cars annually in Korea, with production exported to the U. S. and Southeast Asia.

But Chrysler's Korean strategy still faces numerous obstacles, according to Chrysler insiders.

Neither Chrysler nor Samsung would confirm details of a report last week in the Korean press that the two companies were close to agreeing on a plan to set up a $400 million plant at Changhon, South Korea, to build a small car.

A Chrysler spokesman stressed that the two companies were only conducting a feasibility study, as previously reported.

Chrysler is interested in Korea as a low-cost source for its small cars, but sources close to the program say the company is viewing Korea mainly as a competitor for other overseas alternatives, mainly Japan and Mexico, rather than a replacement for U. S. production capacity.

During the next four years, Chrysler is planning three new cars: The P-body, an upscale subcompact; the J-body, an intermediate specialty car, and the C-body, a full-size front-drive car; plus a new light truck program.

The unanticipated popularity of older models, particularly the M-body rear-wheel drive full-size cars, is overstretching its existing U. S. pla[illegible] capacity.

Aside from cos[illegible]nalysis, this is a major incent[illegible] to go overseas with cars si[illegible] below the J-body.

• Chrysler also is ne[illegible]ing with its Japanese affiliate Mi[illegible]J-bishi Motor Co. Ltd. to share output of a contemplated Mitsubishi-built plant in the U. S., but those negotiations have been stalled pending Washing-

Continued on Page 67, Col. 1

World Congress opens; Expo begins Tuesday

Automotive News Week under way

Automotive News Week in Detroit will be in full swing tomorrow (Aug. 28), as the third annual Automotive News World Expo brings the global automotive marketplace to Cobo Hall.

The World Expo, a three-day international buy-sell trade fair, features all aspects of the automotive original equipment business under one roof and is expected to attract thousands of OEM executives.

Automotive News Week began Sunday with the opening of the ninth annual Automotive News World Congres at the Westin Hotel. Keynoter Paul Tippett, American Motors chairman, delivered a state of the industry address.

World Congress participants, who are professionals in the auto industry and related businesses, attend 3½ days of seminar sessions dealing with the future of the industry.

Social event of the week will be tomorrow (Aug. 28) when World Expo and World Congress participants will gather in the Westin Hotel's Renaissance Ballroom for a Tuesday Evening Gala.

After a cocktail reception and dinner, Gala attendees will hear presentations by George Karnsund, president, Saab-Scania AB, and Bennett Bidwell, executive vice president, Chrysler Corp.

Karnsund will give an overview of the European auto industry, while Bidwell's topic is Detroit: Damned if it Does, Damned if it Doesn't.

The price for those who are not World Congress registrants is $38, which includes cocktails at 5:30, dinner at 6:30 and the program, which begins at 7:45. For information, call the Automotive News World Congress registration desk at the hotel at (313) 259-9336.

While World Congress is an international forum for analysis of world automotive markets and trends by 34 faculty members who are movers and shakers in the industry and related fields, World Expo unites buyers and sellers from around the world.

Thirty vehicle manufacturers are staffing business offices at the World Expo. More than 200 exhibitors from around the world will display and sell components, materials, machinery and services.

Cobo Hall, site of the World Expo, has been designated an international free trade zone during the show, allowing overseas exhibitors to ship their products duty-free.

breaking news

UAW to pick strike target this week

DETROIT.—The UAW is expected to choose its strike target this week after it receives economic proposals from Ford and General Motors. The union expects those proposals early this week and has called a meeting of its GM and Ford National Bargaining Councils for Wednesday. The International Executive Board will meet directly after the councils and it is expected to choose the target company then. (Earlier story on page 2).

GM resumes output of Calais, Somerset Regal

LANSING.—Production was scheduled to resume today (Aug. 27) at Oldsmobile's North Complex, which assembles the Olds Calais and Buick Somerset Regal, two of the new GM20 cars. The plant has been down since Aug. 8 because of poor-quality parts. Oldsmobile did not identify the part involved. A second complex, which builds the Calais and the Pontiac Grand Am was not affected because it has just started

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